



4. In early September 2006, Zwirn informed me that he was firing the Zwirn Fund's then Chief Financial Officer, Perry Gruss. Zwirn told me that he discovered various irregularities at the Zwirn Fund, including that investors' money was used to pay for an airplane that would be owned by Zwirn's company.

5. During October 2006, Zwirn told me that he made various attempts to contact each investor and explain the situation to them. One of those investors was Epstein.

6. After receiving one of Zwirn's calls, Epstein called me very upset. Epstein said that Zwirn had initially described the irregularities as "nonmaterial", but on a subsequent call, Zwirn's description of the issues made it clear to Epstein that the problems were indeed material. When Epstein confronted Zwirn about his earlier description, Zwirn explained that Zwirn's counsel had told Zwirn to use that "non-material" language. Epstein felt that Zwirn had lied to him. Given the situation, Epstein told me that he wanted to redeem Financial Trust Company, Inc.'s entire investment in the Zwirn Fund immediately and that Epstein had made that demand to Zwirn. [RELIANCE FROM THIS POINT FORWARD), BUT IT IS THERE FOR COMPLETENESS.]

7. In response, I talked to Zwirn about Epstein's demand. Zwirn was concerned that such a withdrawal could cause a "run-on-the-bank." Zwirn asked me to help convince Epstein to reduce his demand to one-half of Financial Trust Company, Inc.'s total capital account in the Zwirn Fund at the time, which I agreed to do.

8. Subsequently, I participated in a three-way call among Zwirn, Epstein, and myself. During this call, Epstein again demanded the withdrawal of all of Financial Trust

Company, Inc.’s investment from the Zwirn Fund. Zwirn responded that such a withdrawal could cause a “run-on-the-bank.” Zwirn pleaded with Epstein to reduce his withdrawal demand to request the return of Financial Trust Company, Inc.’s \$80 Million of initial invested capital only. Zwirn promised that if Epstein reduced his withdrawal to only the initial invested capital, Zwirn would honor it quickly. Given my prior discussion with Zwirn, I urged Epstein to accept Zwirn’s proposal as a way of resolving the dispute. During these discussions with Epstein, Zwirn did not dispute that Epstein had the right to the total withdrawal of all of Financial Trust Company, Inc.’s investment in the Zwirn Fund. I assumed that Epstein’s withdrawal would be accomplished quickly. I, myself, have never encountered a provision that only allowed total withdrawals, as opposed to partial withdrawals, from an investment fund. It is my understanding that after this conversation, Epstein made a written demand to withdraw \$80 Million of Financial Trust Company, Inc.’s investment in the Zwirn Fund. It is also my understanding that the Zwirn Fund—at Zwirn’s direction—refused to honor this request, claiming that this demand was for a partial withdrawal of Financial Trust Company, Inc.’s investment in the Zwirn Fund and would need to be dealt with differently than a total withdrawal, and that the Zwirn Fund would not now honor the partial withdrawal, even though Epstein’s demand for the partial withdrawal was made at the specific request of Zwirn.

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Glenn Dubin

Sworn to before me this \_\_\_\_ day of December, 2009.

(Seal)

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Notary Public in and for  
THE STATE OF NEW YORK